

To:
Jeff Bezos, Board of Directors, and Officers
Amazon.com

October 13, 2014

Jeff and team,

I'm sending you this letter to ensure the Board of Directors at Amazon are aware of issues that I believe need to be resolved at the company. I've tried other channels but have not made progress and I believe the Board of Directors at Amazon have a fiduciary and legal duty to independently investigate and address the issues I raise in this letter. I have filed this letter and a complaint with the Washington Attorney General's office as there are matters I have tried to get resolved directly with the company that haven't been resolved, and they deal with issues that I believe I have a duty to report to the AG's office now.

For background, I tried to get Amazon to address what I believe to be misleading and deceptive, and possibly criminal financial fraud issues related treatment of an Amazon advertising customer while I was an employee at the company. I was subsequently terminated for raising the internal ethics complaint even though Amazon's own policies require that employees report events of this nature.

To be terminated for that is wrong and is the subject of current litigation which I have asked the Washington Attorney General's office to assist in resolving, since it deals with important issues related to misleading, deceptive, and what I believe to be financially fraudulent trade practices that relate to Amazon customers and employees.

It was my duty to raise the issues internally at Amazon in accordance with Amazon's own policies, and I did that. To my knowledge nothing has come of that except Amazon's continued denials that there are any issues¹.

I think it's important to note that I tried to work with Amazon's legal team before filing a lawsuit in 2012 - filing this suit was a last resort. I first attempted to negotiate the onerous 18 month noncompete that prevented me from working in any area of the advertising industry globally and the paltry 2 weeks of severance Amazon was offering me after wrongfully terminating my employment. After unfruitful negotiations, we sent them a copy of the lawsuit, and I gave the Amazon legal and HR teams time to consider it and renegotiate the noncompete and severance prior to my filing the suit. I reminded Amazon that I had turned down the opportunity to consider several lucrative and significantly broader roles at other high potential internet companies in Silicon Valley and elsewhere prior to taking the Amazon position.

Even after having a 30-day opportunity to see the lawsuit complaint before we filed it, Amazon gave me their final offer: 4 weeks of severance for 18 months of adhering to the broad non-compete that would not allow me to earn a living in my field, and further explained that if I didn't accept their final offer, Amazon would sue me for tens of thousands of dollars in relocation expenses.

Needless to say, I filed the lawsuit.

¹Though I was assured the internal investigation at Amazon was 'independent and thorough', we later found the investigation around the matters I raised while employed at Amazon was directed by the same internal Amazon lawyer that was helping my manager terminate my employment based on the same issues I raised in the internal complaint - so Amazon's counsel was essentially directing the investigation around serious issues that she had been responsible for handling herself - far from 'independent and thorough' and a surprising lack of internal controls for a public company like Amazon. I wasn't made aware of the fact that the investigator was investigating herself until documents were produced in discovery several months after my termination, though everyone involved in my management chain from my manager to her manager, the VP of Ad Products Paul Kotas and his manager, the SVP Jeff Blackburn who reports to Jeff Bezos, were all aware of this fact.

Along with the facts available in documents we've filed related to the litigation with Amazon, I've sent two letters to Jeff Bezos (as these are serious issues that I believe he would care about as the founder of the company and keeper of the culture) in an effort to have the issues addressed appropriately so that what happened to me and to a large Amazon advertising customer does not ever happen again. I have received no response to my communications besides continued denials and what I feel to be continued bullying litigation moves by Amazon in an effort to quiet my voice.

And I am a small voice - it is hard for current and former employees to speak up against the company when there is wrongdoing, and in general as described in the book "The Everything Store", and as I was reminded by Amazon's legal team who encouraged me to read the book (which I already had done), Amazon is known for its aggressive bullying tactics when dealing with partners, suppliers, potential acquisition targets, and employees.

I am sure Amazon's response to this letter and the details I sent to the Attorney General's Office will be consistent with their bullying and aggressive stance, I expect the company to react aggressively and continue their bullying efforts to bury this in litigation and get away with what they've done. It's interestingly inconsistent with Jeff Bezos' "Amazon.love" memo to his direct reports regarding what Jeff thinks is cool [Exhibit A].

Notably, among them are:

"Defeating tiny guys is not cool."
"Conquerors are not cool."
"Capturing all the value only for the company is not cool."
"Straightforwardness is cool"
"Authenticity is cool"
"Mercenaries are not cool"

Amazon's actions in this matter seem wholly inconsistent with Jeff's memo. If Jeff Bezos truly believes what he wrote in that memo, my hope is that this letter, instead of becoming another tool for his legal team to bully me with, becomes a document that brings cooperative resolution to the important issues I raise and that the Board can help bring these issues to a mutually beneficial resolution.

Though it has been extremely challenging to deal with Amazon and their vast legal resources and aggressive tactics, I believe the issues at hand are important, and that Amazon needs to fix these issues so that other employees and customers aren't treated the way the customer in question (Discover Card) and I were, ever again.

And I intend to continue to press forward until the issues are adequately addressed - I don't like it when corporations behave badly and bully employees, partners, and customers and it's hard for other employees to stand up - it takes hard will and sacrifice to stand up to big corporations like Amazon. I believe I have a unique opportunity to bring positive change and that's what I intend to do.

Since the issues I detail further in this letter deal with misleading, deceptive trade practices and what I believe to be criminal financial fraud issues, and since my efforts to have the issues addressed by Amazon several times while I was an employee, and after I was wrongfully terminated for raising these issues seem to have been ignored, I believe it is now my duty to report the issues to Board of Directors and Officers of the company and ask for your support to get the issues that are the subject of our dispute and litigation resolved adequately for the benefit of other Amazon employees and customers.

BACKGROUND

I was hired in March 2012 as the Principal Product Manager on New Kindle Ad Products, responsible for the launch of the advertising platform on the new Kindle Fire tablets launched in Fall 2012.

Shortly after I joined and evaluated the product and team's capabilities, I found that we were not adequately prepared to launch a tablet advertising platform - the vast majority of the team launching the ad product had

managed development of the Kindle e-ink ad platform (black & white, offline ad experience), a much different skill set than was needed for the new android-based Fire tablets.

I was brought in only a few months prior to launch, which at the time was scheduled for July of that year. I was on several calls with advertisers where they expressed disappointment and unhappiness with our planned ad product - a very static experience - kind of like an e-ink ad experience but with color. We were losing advertisers and having trouble getting many to commit to the launch (major launch partners paid \$1.2MM each to be part of the launch).

We needed much more interactive, engaging experiences and I believed Amazon could and should launch the best tablet ad platform globally - there was no excuse not to. So I pushed for and brought in an award-winning third party mobile development team that had significant experience building ad products for eBay and Google among others, to build out our initial ad experiences. My manager did not communicate to her management chain the positive impact I was having on the product - in fact, she once told me "You're here to make me look good - you're doing an awesome job".

Regardless, with the help of the new outside mobile development team, we began changing the pitch to advertisers, increasing the capabilities of the product, and ultimately had a successful launch. According to the VP at launch, the Kindle Fire platform was 'the best performing ad platform in the company'.

A few weeks prior to launch, I was forced to escalate a key technical issue to the VP and SVP around latency - it was taking at least 3-5 seconds for our advertising app to load our advertiser's custom landing pages - this is a problem the Kindle Ad Products team owned - ultimately an issue owned by my manager Munira Rahemtulla and VP Paul Kotas. This latency was unacceptable to me but 'within acceptable norms' according to the technical team that reported into my manager, and also my manager. They just didn't think it was an issue, and despite weeks of well-documented attempts to get them to address the issue, it wasn't addressed.

About a month prior to launch (before the launch was subsequently pushed to early September), in our monthly review meeting with Jeff Blackburn where he saw the devices for the first time, and also saw the latency. He told our team (from a transcript of the meeting):

"I think it is a huge problem. It could ruin the whole launch if we don't fix it. I'm concerned that you don't think this is the top priority. I think that Jeff [Bezos] could say 'get it [the Kindle Fire Ad Platform] off device'....I'm telling you this could remove the whole program.....I think the initial launch is really important...And the initial page is really important...This should be highly optimized...Should put tons of energy on that."

He was right and I was relieved he brought it up - we could now get the dev team to fix it. I did not mention in that meeting with Jeff that I had been trying for weeks to get my manager and her development team to address the issue. I kept that to myself.

Later and to my surprise, in a response to a note from me to address the latency issue, I was told by the TPM that reports to Munira, that it essentially was too late to fix the issue - that we would need to address it in a software update after launch. They had heard Jeff Blackburn's feedback, yet seemed to disregard it.

THE ESCALATION

I wondered if they had been in the same meeting with Blackburn that I was in - it was unbelievable to me that they were punting on fixing the issue. My manager was cc'd on my emails to them and also was unsuccessful at getting the issue addressed by her own team though they reported into her. It was now the weekend and with at the time less than 30 days to launch, I felt it necessary to escalate the issue - I sent a note that weekend to Jeff Blackburn (SVP) and Paul Kotas (VP) cc'ing my manager, basically asking for the contact information for the person that managed latency for amazon.com, because we needed someone that 'cares about every last millisecond to sit with our team' and help us get the issue addressed prior to launch. I still did not say that I had been trying to get our team to address the latency issue for weeks to no avail and that Munira provided no support in that regard, and I again kept that to myself.

THE RETALIATION & HARASSMENT

Soon after my email, my manager sent me an email stating she was 'embarrassed' by my note. I suppose if I were her I would have been embarrassed too - the latency issue should have been addressed well prior to

launch. In the following week she began retaliating against me for the escalation - flipping 180 degrees from overwhelmingly positive feedback including “you’re doing an awesome job”, “you’re advocating for the right things”, “you’re contributing a ton” to “never escalate issues to Jeff Blackburn” and “You’re not going to make it at Amazon”. She continued to retaliate and harass me, apparently with Paul Kotas’ approval as he to was apparently embarrassed by the escalation and instructed my manager Munira, the GM of the group, to tell me not to escalate issues to Jeff Blackburn again, even though Paul Kotas and Munira are both aware that escalations of this nature are encouraged and allowed via Amazon’s Open Door policy.

TRANSFER OPPORTUNITIES BLOCKED

Shortly thereafter I met with my “HR Business Partner” to explain that my manager had flipped after my escalation of a key launch issue, and that she was now falsifying performance issues, and that I wanted to work to get a transfer out of her group. I had discussed my manager’s retaliation behaviors with a VP and a Director in other groups who I had worked with, and both had familiarity with Munira and proactively volunteered that I could transfer to their groups to get away from Munira.

What I didn’t know at the time was the the HR Business manager was a good personal friend of Munira, and in what seems to be a betrayal of trust, informed my manager that I was trying to get a transfer. At my next 1:1 meeting Munira explained “You think you’re going to get a transfer out of my group? I’m putting you into a Performance Improvement Plan which prevents transfers for 12 months”.

It was unbelievable to me that a manager could initiate this kind of action without any negative documented performance issues, and until my escalation, her feedback had been overwhelmingly positive.

FALSIFICATION AND BACKDATING OF PERFORMANCE ENTRIES

My manager then began an effort to manufacture and falsify performance issues. We found via discovery documents that she fabricated issues and backdated an entry into the employee performance tool over the next several weeks. We subsequently found several months after my termination, that Munira had falsified her educational record on her resume to Amazon and all her former employers - claiming to have both a Bachelors and Masters in Computer Science from Stanford when in fact she had earned no degrees at all. There is more detail on this issue and Munira’s pattern of ethical lapses and misleading and deceptive practices later in this letter.

Interestingly, her first entry into the performance tool regarding my performance when she was prompted to make an entry via a “90-day new-hire” automated email was that my ‘bar’ was too high for the team. Perhaps Munira forgot that having high standards is a core Amazon leadership principle:

Insist on the Highest Standards

Leaders have relentlessly high standards - many people may think these standards are unreasonably high. Leaders are continually raising the bar and driving their teams to deliver high quality products, services and processes. Leaders ensure that defects do not get sent down the line and that problems are fixed so they stay fixed.

Regardless, when a followup email was sent to her by the HR partner, Munira’s response was that there was no issue - I was just “new”. I had sent Munira 2 emails prior to her entry stating my “bar was too high” for the team, explaining my thoughts and and urgency needed around plans to get our ad product in shape for launch, for her support.

I find it interesting that this was subsequently used as an example of negative feedback to justify terminating me for raising the ethics and financial fraud issues internally.

Though Munira is a GM and now 8-year veteran at Amazon, I did wonder whether she was ever fully aware of Amazon's leadership principles. It turns out both Munira and Paul could only name 4-5 of the 14 principles when they were asked about them during their depositions. Additionally, Munira admitted she hadn't read the Amazon Owners Manual detailing several things including policies that I believe she violated.

17	Q. Have you seen the owner's manual for Amazon?
18	A. You know, I'm not sure that I have,
19	embarrassingly. If I have, I haven't read it. It may
20	have changed since I joined Amazon. You know, they may
21	give it to new hires. Certainly when I was a new hire,
22	they didn't have something at the company.

DISCOVER CARD PROMOTION

Shortly after the successful launch of the ad platform in September 2012, we ran into an issue with one of our large launch partners, Discover Card. In addition to paying \$1.2MM to be part of the launch, we ran a promotion where they paid an extra \$500,000 that was intended to encourage Kindle owners with a Discover card, to switch their default 1-click card to Discover (ahead of the holiday shopping season).

The promotion was structured in a way where anyone with a Kindle, who used their Discover card to buy a digital good (e.g. mp3 or movie), would get a \$10 Amazon Gift Card. The reason the good had to be digital is because to buy a digital good you need to use your 1-click default card, and Discover's primary objective for this promotion was to get users who had a Discover card, to make it their 1-click default so Discover could be the card of choice for holiday shopping over the course of the fourth quarter. That was the only way Discover could justify spending \$10 when someone ordered a \$1 .mp3 music file.

The finance team and the ad execution team (who reported to my manager via a different Product Manager) put together a forecast for Discover that showed we expected the \$500K to last for the full 60 days of the promotion, and it had a wide ranging buffer, so we would monitor it weekly. I was not allowed to see the data that went into the forecast - only the finance team putting together the forecast was allowed to see that data - I and others were just provided a range.

About 10 days into the promotion, the Ad Execution team found that over \$300,000 of the \$500,000 allocated for the promotion had been spent. I had our development team look into the data to find out how this could happen - Was it fraud? Was it a bug?

What we found was that there were tens of thousands of Kindle e-ink owners, the vast majority who hadn't even seen the promotion details (as customers had to click on the ad to see the details), were qualifying for the \$10 Gift card because every day, there are thousands of customers who own a Kindle and already have Discover set as their 1-click default card, that buy a digital good on Amazon in the ordinary course of their activity. As soon as we found this out, I sent out a 7-step solution that I recommended we implement to fix the issue, which involved being transparent with Discover about the issue and refunding a significant portion of the promotional funds that went to subsidized behavior. Munira disagreed with my approach, directing me to spin this as 'good news, that the promotion is tracking ahead of plan' and urged me to try to get more budget from Discover. Meanwhile the promotion continued to run and within a few more days we had gone over the \$500,000 budget.

Our finance and ad execution team had missed the key fact when doing the forecast - the forecast should have shown that there was a 100% certainty that the promotion as structured, would go through the \$500,000 budget within a couple of weeks given everyday activity. This was clear, the data was available during the forecast, and it was missed.

So in other words, Discover was essentially paying \$10 to tens of thousands of users who had no idea the promotion was going on, and were just subsidizing existing behavior - Discover was paying \$10 mostly to consumers that already had Discover set as their 1-click default and were unaware of any Kindle promotion. That was not Discover's intention, nor was it Amazon's when we ran the promotion. But it was our mistake to rectify.

As soon as I found out what happened and why, I sent out a note and plan to the team, key points being 3, 4, 5:

From: Varghese, Kivin
Sent: Tuesday, September 25, 2012 1:57 PM
Cc: Guerrero, Joseangel; Venkatraman, Gopal; Pinsky, Joe; Keyerleber, Paul; Mullins, Matt; Carr, Matthew; Glenn, Robin; Sorkin, Brian; Rahemtulla, Munira; Sorkin, Brian; Lee, Thomas; Perez, Annalisa
Subject: Re: Discover Promotion 9/11-9/23 Results

Hi All,

Here's my recommended path forward for your thoughts:

1. Lets process the removals for e-ink. {Brian}
2. Lets get clarity on why we went through their full e-ink campaign so quickly – my view is we should give them additional e-ink impressions for the next promo if we can't find another way to run the e-ink campaign during this launch period (5% cash back?). {Joe/Robin} {Kivin, Joe will discuss make-good with Kristy}
3. My recommendation is that since this is our mistake we shouldn't charge Discover for the subsidization of user behavior that has nothing to do with the campaign, so we should work to get the approvals needed to pay for the subsidized users who didn't see the ad. {I to pull numbers & Kivin, Munira, Matt => Discuss with Paul}
4. We should get a good handle on the number of users that actually took action in response to the campaign (clicked through on the ad, then acted) and charge Discover for just those users. {J}
5. We should pay out the 48,000 + users who have qualified for the campaign based on the current T&C's. {Robin}
6. We should forecast what the cost will be if we change the terms of the promo to require a 'swipe' to the landing page on the LCD ad unit in order to qualify {J}.
7. If it's within Discover's \$500K budget (minus the incremental activity this campaign has driven in #4 above), we should recommend the T&C change to Discover and recommend we keep the LCD portion of the promotion alive through the launch period. {Paul, Annalisa}

Thoughts?

Thanks
kivin

UNFAIR AND DECEPTIVE TRADE PRACTICES, MISUSE OF CUSTOMER FUNDS

As mentioned, my manager disagreed with my proposed plan, and sent me a note that evening directing me to position the overage as 'good news' and ask Discover for more budget. I was appalled at the complete lapse in ethics with her response, as she was fully aware by that point like the rest of us on the email chains regarding the data, that the news wasn't good for Discover. I sent her back a note explaining "It's not good news and we shouldn't have them [Discover] pay for folks that didn't see the ad..."

From: Varghese, Kivin
Sent: Tuesday, September 25, 2012 10:56 PM
To: Rahemtulla, Munira
Subject: Re: Discover Fire Launch Program

Munira it's not good news and we shouldn't have them pay for folks that didn't see the ad....

On Sep 25, 2012, at 7:43 PM, "Rahemtulla, Munira" <munira@amazon.com> wrote:

Have we asked whether Discover would consider adding more budget to support the promo? I heard that they had a previous campaign on Amazon that didn't use all of their promo funds – are you familiar with that campaign? I think we should understand how much the previous campaign underdelivered by, and ask whether we could move those promo funds over to support this campaign. Can you ask Kristy whether Discover would consider this?

I think we should also frame this as good news – that the campaign is successful and is tracking ahead of plan.

Munira then asked a series of questions that distracted from the issue and showed she was either completely missing the point or attempting to cover up the mistake - this wasn't about securing more budget it was about being transparent with our customer about our mistake, rectifying the mistake, and refunding the significant amount of funds that Discover had paid because of our mistake.

I was later told that my manager had made a similar error in the past prior to my arrival to the team, and did not want the SVP to find out about this new mistake, which is why she was attempting to cover it up and position what was really bad news, as 'good news' to our customer.

MUNIRA REMOVES ME FROM THE EMAIL CHAIN, EXPLAINS SHE DISAGREES WITH MY RECOMMENDED SOLUTION, AND ASKS HER AD EXECUTION MANAGER IF THERE'S ANY 'WIGGLE ROOM' TO GET OUT OF REFUNDING THE SIGNIFICANT AMOUNT OF FUNDS TO DISCOVER FOR OUR MISTAKE:

From: Rahemtulla, Munira
Sent: Tuesday, September 25, 2012 9:27 PM
To: Glenn, Robin
Cc: Pinsky, Joe
Subject: FW: Discover Promotion 9/11-9/23 Results

Hey Robin,
I'm not convinced that Kivin's plan of action below is the right one. What are your thoughts on what we should do here? Do we already have an answer from legal saying that we are required to pay out the \$10 to 48k customers? Do we really not have any wiggle room on that?

Thanks,
munira

CONTINUED UNFAIR AND DECEPTIVE TRADE PRACTICES, DESPITE SEVERAL NOTES FROM MANAGERS INCLUDING MYSELF TO MUNIRA TO “BE FORTHRIGHT” AND ‘DO THE RIGHT THING’

The next day, my manager directed me again to position the overage as good news and try to get more funds from Discover to pay for the overage. I refused and told her if she was going to insist on handling the issue that way, I would have no part in it. I removed myself from the solution and took sick days the rest of the week. I literally was sickened by what we were doing to Discover Card, one of Amazon's largest customers spending over \$13MM per year in advertising with the company. What we were doing to them was wrong on so many levels.

1) My note to Munira to ‘be forthright about what the data says about the use of the \$500K...’

From: Varghese, Kivin
Sent: Wednesday, September 26, 2012 5:23 PM
To: Glenn, Robin; Rahemtulla, Munira
CC: Pinsky, Joe
Subject: Re: Fire Data needed for Discover

I think we need to be forthright @ what the data says regarding the use of the \$500K in promo funds, and if we find behavior hasn't changed much, refund/cover a portion of the promo funds, for use during the LCD portion of the campaign.

From: <Glenn>, Robin <rglenn@amazon.com>
Date: Wednesday, September 26, 2012 2:21 PM
To: "Varghese, Kivin" <kivinv@amazon.com>, "Rahemtulla, Munira" <munira@amazon.com>
Cc: "Pinsky, Joe" <pinsky@amazon.com>
Subject: RE: Fire Data needed for Discover

Removing sales, adding Joe

Are we comfortable sharing promo redemptions by device type (e-ink vs LCD)? Do we care if Discover knows that breakdown?

From: Varghese, Kivin
Sent: Thursday, September 27, 2012 11:11 AM
To: Rahemtulla, Munira
Subject: out sick

Munira I won't be in today...

A few things that need closure:

Discover – need deeper data than what was sent last night. Need dev team to pull of the @50K users who have qualified, how many didn't have discover as their 1-click but had it in wallet, how many had it already as their 1-click, how many added it to wallet. I think you need to take that data and based on what it shows, go back to discover with:

1. bonus for blowing through the e-ink impressions (and GC redemptions) in the first 10 days
2. Recommendation and budget for keeping LCD alive through the launch period, with Amazon covering some of the promo budget based on data above.
3. e-ink targeted the way Joe/Robin have set up
4. New T&C's that Paul put together, requiring an extra step for qualification.

Silk: Brett has a meeting with Jeff B prior to the call so he said he may be late. I'll ask him to call you directly.

Thanks
kivin

2) A note from the head of North American Sales and the head of the Financial sales team at Amazon encouraging Munira to “do right” by Discover, and “it takes years to build a customer’s trust and seconds to lose it...”

From: Fochetta, Tom
Sent: Friday, September 28, 2012 10:07 AM
To: Rahemtulla, Munira
Subject: FW: Response from Discover on the Fire Issues

Hi Munira-

I took every one of the thread and just wanted to check in with you to see if we are on track to resolve this today. Kristy has some outstanding questions that need to be answered and the clients frustration level is growing. In the past three years, Discover has spent more than \$30MM with us and they will hit the \$50MM mark if we secure our \$16MM upfront for next year. I have been doing this longer than I care to admit but the old saying that it takes years to build a customer’s trust and seconds to lose it is very true. I appreciate your help in driving this to closure.

Tom

From: Dallaire, Seth
Sent: Thursday, September 27, 2012 8:59 PM
To: Caldwell (Advertising), Kristy
Cc: Rahemtulla, Munira; Fochetta, Tom; Pergola, Lauren; Rapisarda, Jerry; Recupero, Mike; Glenn, Robin; Pinsky, Joe; Varghese, Kivin; Guerrero, Joseangel; Mullins, Matt
Subject: RE: Response from Discover on the Fire Issues

We have to “do right” by Discover. They are AMG’s 2nd largest global ad spender. They come along on every innovation ride we start. I am supportive of the media cost reduction provided we smooth the traffic delivery across the device. For instance, no more e-ink placement for the promo. All Fire...with weekly impression caps.

The upside here is if the promo is driving greater share of AMZN wallets. More share in our wallet is worth more than the entirety of their ad spend in the long run.

DISCOVER UPSET BY LACK OF ANSWERS TO KEY QUESTIONS - WE HAD THE ANSWERS BUT MUNIRA AVOIDED ANSWERING THEM. THOUGH I WAS OUT OF THE OFFICE AND REMOVED MYSELF FROM MUNIRA'S APPROACH TO THE SOLUTION, I AGAIN ENCOURAGE MUNIRA TO GIVE THE APPROPRIATE DATA TO DISCOVER AND ISSUE AN APPROPRIATE REFUND BASED ON WHAT THE DATA SHOWS. THIS ADVICE IS AGAIN IGNORED.

From: Caldwell (Advertising), Kristy
Sent: Thursday, September 27, 2012 3:25 PM
To: Rahemtulla, Munira; Varghese, Kivin; Glenn, Robin; Pinsky, Joe
CC: Fochetta, Tom; Dallaire, Seth
Subject: FW: URGENT UPDATE REQUESTED: Amazon Fire - Status on Promotion funds
Attachments: Kindle Update

Importance: High

Munira,
I need your team's help in answering these questions. Email I just sent to client attached. I have no idea on the forecasting, makegoods, etc... I need answers to the client by in the next hour...

From: jilllosser@discover.com [mailto:jilllosser@discover.com]
Sent: Thursday, September 27, 2012 3:12 PM
To: Caldwell (Advertising), Kristy; Fochetta, Tom; Pergola, Lauren
Cc: Jeannebrodeur@discover.com; AnnieReeder@discover.com; valerivanourek@discover.com; lisanantana@discover.com; Wes.Meador@mediacom.com; Ashley.Pettit@mediacom.com; Dallaire, Seth; LindsaySwisher@discover.com; SarahHenderson@discover.com; SuzanneStullLazo@discover.com
Subject: URGENT UPDATE REQUESTED: Amazon Fire - Status on Promotion funds

Amazon Team.

I'm certain I have omitted a few individuals in error on this email; please forward to whomever appropriate. We understand the situation with Fire promotion as follows: 1) There was a pacing issue with the ads on e-reader and within the first 2 weeks of the promotion we have over delivered on the impressions allocated for the entire campaign. 2) While some reporting was provided regarding impressions and CTR, promotion fund information was not included on the reporting submitted, but per the call, promotion funds as of 9/23 were almost fully exhausted. 3) The Kindle team had been looking at information for the last week trying to determine the cause - and as of yesterday morning determined the rationale provided to us in the meeting.

Coming out of our status, I was expecting to walk in this morning to have all the reporting necessary, so that we could go to our leadership with an explanation on the situation and armed with recommendation and next steps on the Fire program. Almost 24 hours after our call, I still don't have any more details, and am left with even more concerns than I had yesterday. I cannot express my disappointment on how this has been handled, nor can I stress enough how incredibly important this is that we get this resolved as quickly as possible.

As it relates to data, in order to go to leadership for promotional funding we need the following information immediately:

- How many promotional funds have been used?
- How many are new stored cards?
- How many are newly defaulted cards in wallet? (Vs existing Defaulted Discover Cards)
- Need to understand promotion funds from elnk vs the promotion funds given on the Fire.

As it relates to the media buy:

- In our current media buy - we had 30% of the impressions dedicated to e-reader, and 70% dedicated to Fire.
 - Based on the incorrect pacing issue - need to resolve and establish make good.
 - Based on the outstanding data issue (listed above), we need a resolution on how we will be made good on the Fire Impressions - specifically if we don't get funding for continuing the promotion
 - I know the ads are currently running and we will need to understand what happens to fulfillment if we don't get promotion dollars - specifically for the issue on e-reader.
 - In the event we don't get incremental promotional funding - we need a solution for the remaining media buy
 - Will need to be made whole based on the impressions in the IO
 - We do not have a back up creative or experience for the device - at the request of Amazon as a result of resource issues in the summer and the direction that we were not going to run out of promotional funding
 - In the Amazon press release, it stated the offer and listed as the launch partner - and there is obvious concern regarding brand image if the devices no longer have the offer.

Moving forward -

Confidential

AMZN_0004568

- Any promotions - will need to include the regular reporting checkpoints - like we do for Free Shipping. No way is it acceptable to go 2 weeks without any sort of promotional reporting.
- We will need to ensure we understand with the new parameters around Holiday Free Shipping and ensure that we aren't going to run into a similar issue there.

We expected to have this resolved today, as the marketing department is supposed to be out of the office on a service day tomorrow, so we need to have answers by 4 PM CST - so that we can go to leadership by close of business and have it solved before the weekend.

Regards,

Jill K Losser, Discover
Project Manager, Advertising Media
2500 Lake Cook Rd, Riverwoods, IL 60015
Phone: 224 405-1563
Email: jilllosser@discover.com

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CONTINUED DECEPTION AND FINANCIALLY FRAUDULENT BEHAVIOR: MUNIRA'S ANSWERS TO DISCOVER DID NOT DISCLOSE THE VAST NUMBER OF USERS WHO GOT THE \$10 GIFT CARD HAD NOT EVEN SEEN THE PROMOTION DETAILS DESPITE DISCOVER'S REPEATED REQUESTS FOR THIS INFORMATION. SHE SIMPLY PROPOSED DISCOVER COVER THE FULL \$500,000, AND AMAZON WOULD COVER THE OVERAGE (BEST ESTIMATE AT THE TIME WAS THAT AMAZON WOULD COVER ROUGHLY \$50,000 PER HER NOTE BELOW).

From: Rahemtulla, Munira
Sent: Friday, September 28, 2012 10:30 AM
To: Dallaire, Seth; Caldwell (Advertising), Kristy; Keyerleber, Paul; Recupero, Mike
Cc: Fochetta, Tom; Pergola, Lauren; Rapisarda, Jerry; Glenn, Robin; Pinsky, Joe; Varghese, Kivin; Guerrero, Joseangel; Mullins, Matt; Kotas, Paul; Wright, Dan; Perez, Annalisa
Subject: [Privileged & Confidential] Response from Discover on the Fire Issues
Importance: High

+ Paul/Annalisa from legal, and marking as privileged

Hi guys,

Here's my proposal:

Confidential

AMZN_0004335

1. We continue running the campaign on LCD, but change the T&Cs to require that customers interact with the ad to qualify. We estimate this will cost \$40K - \$175K; our best estimate is \$50K.
2. We stop running the campaign on elnk. We can offer additional elnk media to Discover as a make-good to make up for this later.
3. We will change the T&Cs to specify that elnk customers are no longer eligible for this promotion; however, to be fair to customers, we will continue to fulfill the promo to e-ink customers for an additional three days. This will cost us another ~\$80K in promo funds.
4. Amazon will cover the cost of all additional promo funding.

MUNIRA SUCCESSFULLY HID THE FACT THAT THE VAST MAJORITY OF REDEMPTIONS WENT TO USERS WHO HADN'T SEEN THE PROMOTIONAL DETAILS (HADN'T CLICKED ON THE AD, THEN BOUGHT A DIGITAL GOOD WITH THEIR DISCOVER CARD TO QUALIFY). HER MISPLACED CONCERN WAS ALL ABOUT AMAZON BEING 'ON THE HOOK' TO PAY OVERAGES, AND IT SEEMS CLEAR TO ME SHE MISLED, DECEIVED, AND FRAUDULENTLY COVERED UP THE TRUTH IN HER SOLUTION IN ORDER TO SAVE AMAZON MONEY, AND PROTECT HERSELF FROM REPERCUSSIONS FROM HER MANAGEMENT CHAIN DUE TO ANOTHER KINDLE AD PROMOTION MISTAKE.

From: Rahemtulla, Munira
Sent: Thursday, September 27, 2012 10:31 AM
To: Guerrero, Joseangel
Cc: Varghese, Kivin; Mullins, Matt; Recupero, Mike
Subject: RE: Discover estimate

I think that seems like a reasonable approach. What is your ETA for coming up with this forecast? It is critical that we give Discover an answer by noon today (they are on the east coast) so that they can make a case for getting more funds to continue the promotion.

Right now, the promotion is still running on LCD, and we haven't yet changed the terms of the offer (we need Discover's permission to do so), so we are continuing to bleed cash. Since we have now used all of Discover's promo budget, it's possible that Amazon could be on the hook to pay overages if we don't get this resolved today.

Thanks,
munira

PAUL KOTAS THE VP OF AD PRODUCTS AND MUNIRA'S MANAGER, ALSO SEEMS TO BE INVOLVED IN THE COVER-UP. DURING THE INVESTIGATION, PAUL IN AN EMAIL ASSURED THE INVESTIGATOR THAT 'DISCOVER WAS FULLY AWARE OF THIS ISSUE'. WHEN IN FACT, DISCOVER WASN'T TOLD ABOUT THE SIGNIFICANT AMOUNT OF THE \$500,000 THAT WENT TO USERS THAT DIDN'T SEE THE PROMOTION DETAILS. ALMOST TWO MONTHS AFTER MY TERMINATION, DISCOVER WAS STILL ASKING QUESTIONS ABOUT THIS. APPARENTLY PAUL WAS WRONG - DISCOVER WASN'T FULLY AWARE OF THE ISSUE EVEN ALMOST 2 MONTHS AFTER MY TERMINATION.

From: Caldwell (Advertising), Kristy
Sent: Thursday, December 20, 2012 7:31 AM
To: Glenn, Robin
Subject: QQ- reporting

Hi Robin,
Sorry to bother you today as I am sure you are super crazy getting ready to head off for your nuptials and fab vacation.
☺

I had a QQ for you. I reviewed the Fire Promotion with Discover yesterday. We walked through again the nature of the promotion and the very manual fulfillment which caused some users to be awarded who may not even have seen the ad. They asked if we know what the number of users or ballpark of the number of users that did not see the ad and got the GC. I know Kivin had mentioned around 10K but I was not sure how confident we were of that. If we had an exact number of that.

I talked to Tom and we would like to be upfront with the client about this and also remind them that what Amazon paid for in terms of redemption more than paid for the users who would have fallen in that bucket.
Do we really know that number and do you have it?

Thanks,
Kristy Caldwell
(843) 259-0467

MUNIRA'S ANSWER TO DISCOVER'S DECEMBER EMAIL WAS AGAIN MISLEADING AND DECEPTIVE. THE NUMBER OF USERS THAT 'DIDN'T DOWNLOAD THE AD' WAS VERY DIFFERENT AND A LOT LOWER THAN THE NUMBER OF USERS THAT 1)SAW THE AD 2) CLICKED ON THE AD TO GET PROMOTION DETAILS 3) THEN USED THEIR DISCOVER CARD TO BUY A DIGITAL GOOD 4) THEN RECEIVED THE \$10 GIFT CARD. INSTEAD, MUNIRA CONTINUED THE DECEPTION BY SENDING THE FOLLOWING - JUST THE NUMBER OF USERS WHO WERE PAID \$10 THOUGH THEIR KINDLE'S DIDN'T DOWNLOAD THE AD (BECAUSE THEY WERE NEVER CONNECTED TO WI-FI). THE NUMBER OF USERS WHO GOT THE \$10 AND DIDN'T KNOW ABOUT THE PROMOTION WAS MUCH LARGER AND MUNIRA AND PAUL BOTH KNEW THAT THEN, LIKE THEY KNOW IT NOW.

From: Rahemtulla, Munira
Sent: Thursday, December 20, 2012 11:41 AM
To: Hackett, Liz
Cc: Kotas, Paul; Garavaglia, Mariana; Maloney, Sue
Subject: Privileged & Confidential: QQ- reporting

Hi Liz,

Privilege Material Redacted

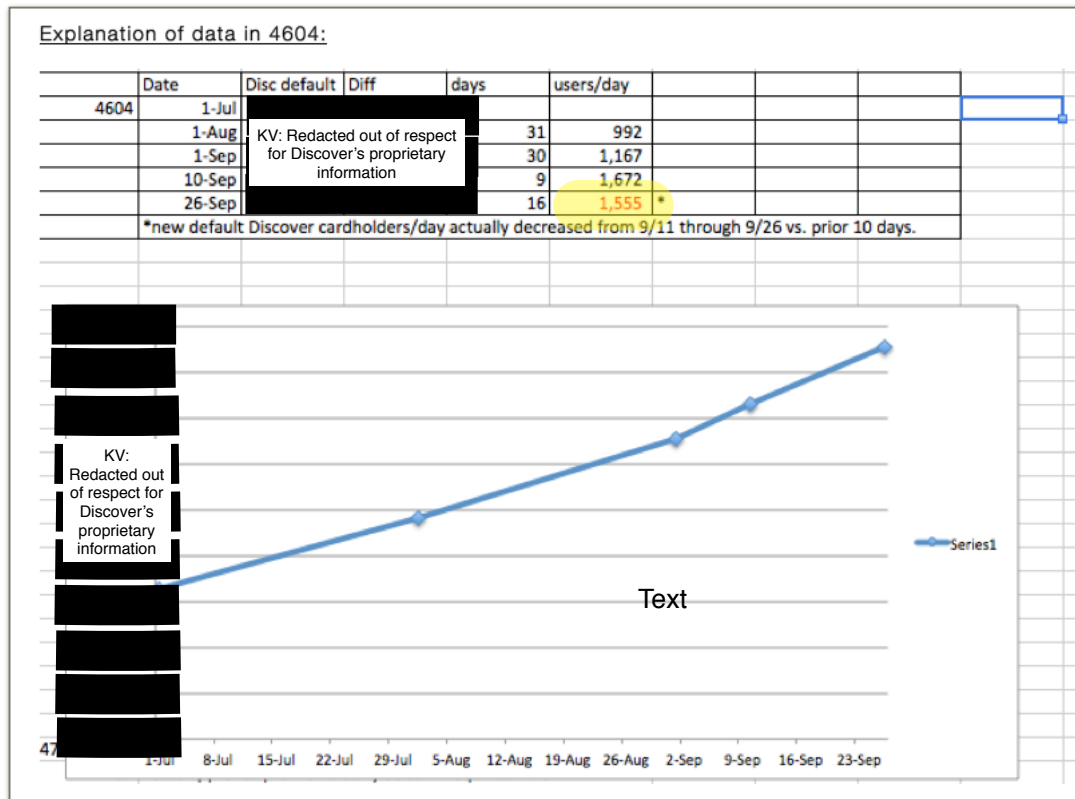
From: Glenn, Robin
Sent: Thursday, December 20, 2012 10:59 AM
To: Pinsky, Joe; Reilley, Donald; Rahemtulla, Munira; Wright, Dan
Subject: RE: QQ- reporting

Hi all - 8,487 customers qualified without downloading the ad during the 9/11-9/28 time period in which a click on the ad was not a requirement.

Thx,
robin

THE DATA ACTUALLY LOOKED REALLY BAD:

The reality is that the data shows it's likely over 80%, probably closer to 90% of the \$500,000 went to subsidized behavior. Note the analysis below that shows that ~87% of e-Ink redemptions were to customers who didn't request the email (didn't see the promotional details), and though this was known back in September, in December when Discover was asking more questions about this, they were again fraudulently mislead to believe that it was just 8,487 customers that got paid \$10 who didn't see the promotional details, and all the rest got paid the \$10 because they were aware of the promotion. The data below was not shared with Discover - Discover was in fact told the opposite - that share of wallet went up in September - though clearly the data shows it was not due to the Kindle promotion.



From: Mullins, Matt
Sent: Saturday, September 29, 2012 8:53 PM
To: Rahemtulla, Munira; Pinsky, Joe; Varghese, Kivin; Sorkin, Brian
Cc: Guerrero, Joseangel; Recupero, Mike
Subject: New Discover promo data

Team,

Here is an update with the latest promo data to shed more light on the estimated forecast.

-Through 9/27, we have 54K customers that have qualified for the promo. Here is the breakout by device type registered to the customers:

Device Type	Redemptions	% of Total
		1%
		16%
		15%
		27%
		10%
		25%
Eink	50,782	94%
		1%
		5%
LCD	3,330	6%
All Devices	54,112	100%

Confidential

AMZN_0006128

-Of those 54K total customers, 84% downloaded the ad.

-To date, we've sent ~44K emails to eInk customers, of those 7K have redeemed or 13% of the 51K eInk redemptions. So ~87% of the eInk redemptions were to customers who didn't request the email.

IN FACT, DATA SHOWS THAT THE NUMBER OF NEW USERS WHO SWITCHED THEIR CARDS TO DISCOVER ACTUALLY DECREASED DURING THE PROMOTION VERSUS THE WEEKS PRIOR:

Data in document 0004604 shows that during the 9/11-9/26 timeframe - the time that the bulk of Discover's budget was spent, average new default Discover cardholders per day decreased versus prior to the promotion (going from 1,672 new default cardholders per day down to 1,555 during the promotion - this includes non-Kindle activity across all of Amazon, so the Kindle contribution to this number is likely nominal. Though it was available, this data was not shared with Discover.

AMAZON CAN ANSWER THE QUESTIONS DISCOVER NEEDS TO UNDERSTAND OF THE \$500,000, HOW MUCH DISCOVER SHOULD HAVE ACTUALLY PAID BY ANSWERING THESE QUESTIONS:

- 1) Number of kindle e-ink users who qualified for the gift card after first clicking on the ad to see promotion details, and then after the click, bought a digital good with their Discover Card.
- 2) Of the users above who clicked on the ad and subsequently bought a digital good, the number who switched their default 1-click card from a non-Discover card to their Discover card and after that, then bought that digital good.
- 3) The number of e-ink users who qualified for the \$10 without clicking on the ad.
- 4) The number of e-ink users who clicked on the ad, but qualified for the \$10 before clicking on the ad.
- 5) Same as 1-4 above, but for Fire Tablet users.

It seems that the non-misleading, non-deceptive, non-financially fraudulent way to handle the situation is to have Discover just pay for the number in #1 above (the number in #2 would be a subset of #1). Amazon has the ability to pull this data, and if a thorough internal investigation was truly done, that data should already be readily available.

THERE ARE OTHER INSTANCES OF WHAT SEEMS TO BE DECEPTIVE AND FRAUDULENT PRACTICES I WITNESSED IN THE KINDLE AD PRODUCTS GROUP:

1) AD IMPRESSION REPORTS DOUBLE-COUNTING.

There was a bug in our system that wasn't caught for several months, that double-counted impressions delivered to e-ink Kindles. My recollection is that some advertisers were made aware of the issue once it was caught, but many others weren't. Below is an email I was not aware of until we got discovery documents, that show the issue applied to Discover too. I am unsure whether Discover was told about this - from what I've seen, it looks unlikely.

From: Sanghavi, Tejas
Sent: Thursday, October 11, 2012 3:50 PM
To: Rahemtulla, Munira
CC: Pinsky, Joe
Subject: RE: Fire Launch Reporting

Yes and No.

In general, our initial reports to launch partners were early enough in the campaign, so any reported over-counting of impressions will likely not matter at the end of campaign. This is a non-issue for Discover Elnk and LCD.

However, for Discover Elnk we did report 4M unique devices reached, which is currently reported as 2.73M using the workaround for AdType filter issue in M2.

The AE has asked about this specifically, so we will need to address it.

Tejas

From: Rahemtulla, Munira
Sent: Wednesday, October 10, 2012 8:03 PM
To: Sanghavi, Tejas
Cc: Pinsky, Joe
Subject: RE: Fire Launch Reporting

Also, it doesn't seem like the overcounting bug affected these campaigns very much... is that true? In other words, it doesn't seem like we need to tell Discover that our reports were wrong, because it doesn't seem like they were off by very much, if at all. Is that your observation?

Thanks,
munira

JEFF BLACKBURN, THE SVP OF THE GROUP AND DIRECT REPORT OF JEFF BEZOS, SEEMS TO ENCOURAGE THE TEAM TO WITHHOLD SALES DATA FROM ADVERTISERS IF THAT'S WHAT NEEDS TO BE DONE TO MAXIMIZE FREE CASH FLOW AND MAKE MORE MONEY. THIS FROM A TRANSCRIPT OF A MEETING I ATTENDED (JB stands for Jeff Blackburn, MR stands for Munira Rahemtulla, PK stands for Paul Kotas, DJ stands for Dan Jedda, VP of Finance under Jeff Blackburn).

Jeff Blackburn starts out with what seems to be the right approach when he asks **“Are we hiding something? This doesn't feel right”**. But then goes on to tell the team:

“At the end of the day, you should do what you need to do to maximize free cash flow for the device. Do what you need to do to make more money. I don't know if exposing that we have 100 orders gets us there [obviously exposing that we only got 100 orders on a major advertising media buy is not a good result], but you can decide what to do to maximize FCF [Free Cash Flow]”

JB: Are we reporting sales?
JP: We are just reporting on purchase button clicks
JB: Don't we want to give them actual orders? Don't Advertisers care?
MR: We're mirroring the on-site policy. We don't share purchases.
JP: I think we're only capturing a small part of the pie. This doesn't include purchases at target, etc...
JB: Are we hiding something? This doesn't feel right.
DJ: In this case I think we're hiding it doesn't perform well. But if we give the numbers here, there will be clamoring to provide the same details on site...
PK: I agree with Dan. I think it will cause confusion in the market if we give BFD numbers for KSO only.
JB: Ok, that is a separate meeting. One I think we should have with all stakeholders.
JP: We can show indexed sales (on device + on site) vs. a control group that didn't see the ad.
JB: At the end of the day. You should do what you need to do to maximize free cash flow for the device. Do what you need to do to make more money. I don't know if exposing that we have 100 orders gets us there, but you can decide what to do to maximize FCF

According to Jeff Bezos' direct report Jeff Blackburn, making money at Amazon trumps transparency and authenticity with Advertising customers. This kind of thinking leads me to believe that misleading, deceptive and fraudulent behavior in the name of making more money is becoming a deeply ingrained cultural value at Amazon, at the expense of customers, and it is wrong.

Directions like Blackburn's above are probably the kind of thing that give Paul Kotas and Munira Rahemtulla carte blanche to do whatever they need to do to maximize free cash flow at Amazon, apparently even if it involves falsifying performance entries in order to terminate employees that raise ethics and financial fraud issues when they arise, lying to Amazon customers in order to keep money that isn't rightfully Amazon's, and doing everything possible to cover up these ethics and seemingly illegal financial fraud lapses when they occur and are reported.

ANOTHER AREA OF SEEMINGLY DECEPTIVE PRACTICES:

Amazon was asked by Discover how many impressions were delivered to Kindle Fire users. I believe the answer was about 41,000,000. What Amazon did not share, is the number of unique devices that received those impressions. If Discover were made aware of that number (and should be), they would find their \$1.2MM reached a relatively small number of users. I believe Amazon has a lot of work to do to change the culture, be more transparent with advertisers, and develop processes that prevent deception and financially fraudulent behavior going forward.

Most large advertising platforms have third party auditing in place to prevent deceptive reporting behavior like what I witnessed at Amazon.

Amazon does not allow third party auditing and tracking, so advertisers have no choice but to trust Amazon's word. Unfortunately, that gives bad actors a way to hide data in ways that 'maximize free cash flow' at customers expense.

MY MANAGER APPARENTLY HAS A HISTORY AND PATTERN OF UNETHICAL BEHAVIOR:

- 1) Munira was forced to admit under oath in deposition, several months after my termination, that she falsified her educational record on her resume to Amazon and all her previous employers - claiming to have earned a Bachelors and Masters degree in Computer Science from Stanford when in fact she earned no degrees at all. Excerpt from her transcript:

20	Q. Now, you said that you didn't get your	
21	bachelor's degree at Stanford or your master's degree at	
22	Stanford; is that correct?	
23	A. Yes.	
24	Q. Have you represented to anybody that you have?	
25	A. Yes.	
		Page 179
1	Q. And who is that?	
2	A. Well, my resume could be construed as	
3	representing that I have a degree.	
4	Q. And would that have been provided to Amazon?	
5	A. Yes.	
6	Q. And to any of your other former employers?	
7	A. Yes.	

MUNIRA'S BEHAVIOR ISN'T CONDEMNED AT AMAZON, IT'S APPARENTLY REWARDED:

It became clear to me after learning about the falsification of her educational records, how she could sleep at night with a clear conscience after doing what she did to falsify performance issues to get me terminated from the company, how she could initiate an unjustified PIP in order to block my transfer opportunities, how she could blatantly lie to Discover and coverup the misuse of their funds in order to cover up her mistakes, and how she could lie to the investigator regarding my performance and her handling of the Discover issue - it seems apparent to me that she just doesn't care and seems to be OK with doing whatever is needed to get her next promotion. Below is an excerpt from Jeff Blackburn's deposition:

5	Q Are you aware that Munira represented to
6	Amazon at her hiring that she had a master's degree
7	from Stanford and a bachelor's degree from Stanford?
8	Are you aware that she actually does not have those
9	degrees?
10	A I'm aware that she hadn't completed them and
11	that she needs to complete them.
12	Q Are you aware that she represented that she
13	had completed them in her Amazon application?
14	A Yes, I'm aware that there was a discrepancy.
15	Q Are you aware that she lied about that in her
16	application to Amazon?
17	A It's --
18	MR. JOHNSON: Objection. Argumentative.
19	Go ahead.
20	A There is a discrepancy, I'm aware of that.

12	Q It's your policy, it's Amazon's policy, and
13	I'm trying to get some understanding of how it's
14	applied to Munira.
15	A Falsification would be something that's not
16	true, I guess.
17	Q And if Munira stated in her employment
18	application that she had a master's degree from
19	Stanford, that would be untrue, correct?
20	A My understanding is that she hasn't completed
21	it yet.
22	Q I understand that. So placing that
23	information on her application would be untrue?
24	A I don't believe she has completed it yet, and
25	so that's what I'm aware of.

And in fact, even after finding out about Munira's lies regarding her educational background and other issues I raised before my termination, Jeff Blackburn represented in his deposition that Munira was given a promotion, even though according to Amazon's policies, falsification of personnel records is a Tier 1 offense likely resulting in immediate termination:

10	Q And do you know whether there is a decision
11	with regard to any disciplinary action that would
12	occur with Munira?
13	MR. JOHNSON: Again, nothing that may be
14	attorney-client privilege. If you know something that
15	doesn't involve your conversations with lawyers one
16	way or the other, answer that.
17	A I'm not aware of any disciplinary action
18	that's been taken with Munira.
19	Q Has Munira been promoted within the company?
20	A She has, yeah.
21	Q What level is she now?
22	A She is Level 8.

MUNIRA KNOWS HER HANDLING OF THE DISCOVER SOLUTION WAS WRONG, AND ADMITTED IT.

A couple of days before I was terminated in November 2012, I had a 1:1 meeting with Munira. We went through my PIP performance which showed I had been successful on several of the items, just doing my job as I always had - nothing had changed. She had continually tried to add and change items in the PIP in order to make me unsuccessful but seemed to be struggling with that effort.

In any case, I asked her if there were any other issues or if the PIP was over. She then brought up the Discover issue and said "ownership" was an issue - that she had to handle the Discover issue. I told her I was appalled by the way she handled it, that I thought it was unethical and that I disagreed with her approach.

She again, at the end of October, after the investigation, asked me if I had checked whether Discover had extra funds to continue to fund the promotion. I was again shocked - she was still completely missing the point - it wasn't about getting more funds from Discover - it was about handling the issue in a way that wasn't deceptive, misleading, and financially fraudulent. And so I told her she was missing the point - that we should have been up front with Discover and refunded the portion of funds that they shouldn't have had to pay due to our mistake, not ask them for more funds and position the overage as 'good news' in order to secure those funds.

She then muttered 'the investigation didn't find anything' and then she raised her voice loud enough for others down the hall to hear though her door was shut, and pointed her finger at me and yelled "You should have pushed me to make a different decision" [she also admitted she did this in an email the next day].

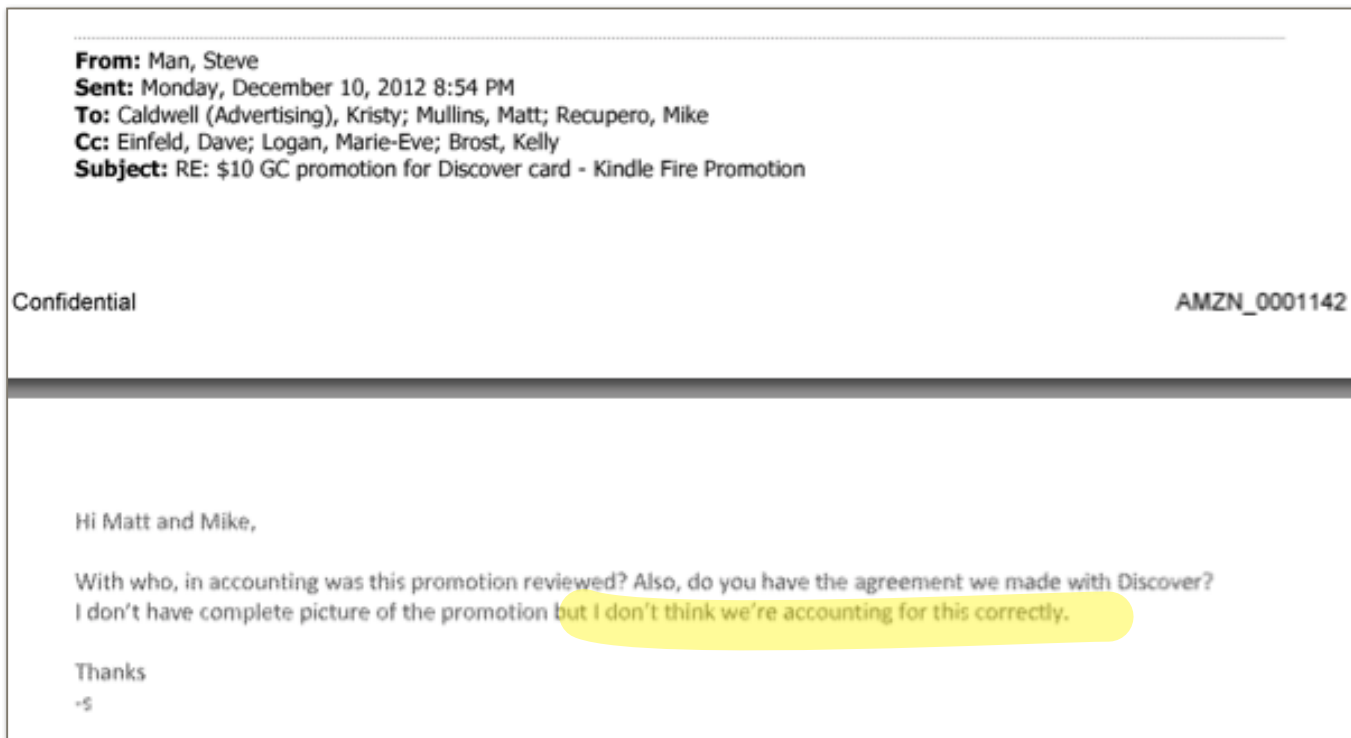
That's telling - "You should have pushed me to make a different decision". I pushed her privately several times in email and in person, others on the sales team pushed her too. I provided her with an appropriate 7-step solution very early on in the process - the same day we all realized what happened, which she rejected.

And she covered it up. And she successfully lied to the internal investigator along with her manager Paul Kotas who essentially told the investigator that there was no issue regarding Discover, and they got out of the investigation free and clear. I suppose since the investigation was being directed by the same attorney who

was helping Paul and Munira terminate my employment, the truth wouldn't have made a difference anyway. A few days after the conclusion of the investigation, and two days after Munira's blow-up at me over my raising of the the Discover ethics and financial fraud investigation, I was terminated.

THERE SEEMS TO BE QUESTIONS ABOUT FINANCIAL REPORTING AROUND THIS ISSUE THAT COULD HAVE SERIOUS LEGAL IMPLICATIONS:

Below is a note from someone in the accounting group, expressing concern over how the Discover issue was accounted for internally. I don't have documents or know how this issue was ultimately resolved but it seems like an issue that needs to be investigated further.



WHAT I'VE ASKED FOR FROM THE WASHINGTON ATTORNEY GENERAL'S OFFICE, AND WHAT I'D ASK FOR FROM THE AMAZON BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY:

I'd like your help in making sure Amazon acknowledges they mishandled the issues I've raised, and institutes processes that ensure other employees and customers don't get treated the way Discover Card and I were treated. That involves Amazon:

- 1) Ensuring Internal Investigations regarding serious issues are truly independent and thorough.
- 2) Ensuring managers have well documented negative feedback before being allowed to put an employee into a Performance Improvement Plan (PIP).
- 3) Ensure PIPs cannot be used by managers unethically as a tool to block transfers.
- 4) Ensure HR and Legal teams do due diligence on manager's claims of underperformance, especially when the employee that is being subject to the claims raises serious questions about the veracity of the manager's claims, and especially when the claims come with no documentation of negative performance.

EXHIBIT A

In Munira's case, she was a GM with 7 years at the company who had fired others before. The investigator's finding was that Munira needed to be 'coached' on documenting negative performance. Munira, with 7 years and in a GM role, knew how to document negative performance and the investigator should have found that there was no negative performance documented by Munira prior to my escalation note, because there was no negative performance, not that Munira didn't know how to document negative performance - She's had several other employees on PIP's and she has fired employees while at Amazon. My performance and her feedback had prior to the latency escalation had been overwhelmingly positive - a significant miss on the part of the HR and legal investigation team.

- 5) Help resolve the issues around the damage done to me by holding me under the noncompete as long as they could, preventing me from earning a living in my field, and withholding my invention from me long enough for the market to make it untenable for me to monetize the invention in any way. Amazon waited until basically days before trial to concede on these issues fully, to avoid trial and a court's rulings on these issues they knew we would likely win.
- 6) Help resolve the damage done to my record and resume - I had a pretty good record and resume and career path until it was hacked by Munira and Paul Kotas. Munira knows how important resume's are - she lied about her degrees to make hers look good. She had no issues destroying mine even after I led a strong turnaround and a successful launch of the ad platform at Amazon in a very short period of time that I was there.
- 7) Hold Amazon accountable for the unfair and deceptive trade practices that were committed in the several areas outlined in my letter, as my efforts to hold them accountable seem to be ignored by Amazon and its management team. My goal isn't to get anyone else at the company terminated - it is simply to get the company to acknowledge and fix the serious issues I've raised in a way that shows accountability and changes the company for the better. And I hope that Munira and Paul and others involved learn from this and become better people and managers as a result.

I'm happy to provide more detail as needed, and look forward to having your help to bring these issues to a successful resolution that fixes the damage done to Discover and myself, and makes Amazon a better company in the long run.

Though the press has shown that Amazon seems to be turning into more of a bully and aggressive company than they used to be in the earlier days of the company [Exhibit B], I still do believe that Jeff Bezos can be a decent human being, is clearly phenomenally brilliant and talented, and seems to deeply care about the culture of his company, and wants to care about customers. My guess is that as large as the company is now, it is more difficult for him to keep the culture positive and consistent and as customer focused as it should be but I hope my efforts get him to put some energy behind righting his ship for the benefit of employees and customers going forward. One value that Amazon seems to be missing is on employee treatment - that seems to need more focus.

To me, it seems like a culture of treating it's employees like robots and numbers. And perhaps this is what spawns and encourages the kind of dark behavior I saw at Amazon. Employees aren't just Bezos-bots and numbers. Customers aren't just sources of Free Cash Flow at any price.

Amazon can and should do better.

Thank You,



Kavin Varghese

SCHLAF'S NOTES

Hi I'm Steve. People call me Schlaf. I'm an accidental VC in NYC with RRE Ventures. I write about trends in technology, and interesting startups I come across. Sometimes I'll even throw in a random thought or a moving quote. You can find me on twitter @schlaf.

15
3 / 2014

What Jeff Bezos Thinks Is Cool



I just finished reading the book, *The Everything Store*, which chronicles the life of Jeff Bezos and the rise of Amazon. Towards the end of the book, the author, Brad Stone, tells a story about Bezos's quest to understand how Amazon could be admired and not hated as the company raced past \$100 billion in annual sales.

As part of this process, Bezos delivered a memo, titled Amazon.love, to his leadership team at a retreat. In essence, this memo outlines how he wants Amazon to conduct itself and be perceived by the world. Bezos wrote, "Some big companies develop ardent fan bases, are widely loved by their customers, and even perceived as cool. For different reasons, in different ways and to different degrees, companies like Apple, Nike, Disney, Google, Whole Foods, Costco and even UPS strike me as examples of large companies that are well liked by their customers."

Bezos then went on to make a list of why some companies are admired and others are loathed:

- Rudeness is not cool.
- Defeating tiny guys is not cool.
- Close-following is not cool.
- Young is cool.
- Risk taking is cool.
- Winning is cool.
- Polite is cool.
- Defeating bigger, unsympathetic guys is cool.
- Inventing is cool.
- Explorers are cool.
- Conquerors are not cool.
- Obsessing over competitors is not cool.
- Empowering others is cool.
- Capturing all the value only for the company is not cool.
- Leadership is cool.
- Conviction is cool.
- Straightforwardness is cool.
- Pandering to the crowd is not cool.
- Hypocrisy is not cool.
- Authenticity is cool.
- Thinking big is cool.
- The unexpected is cool.
- Missionaries are cool.
- Mercenaries are not cool.

Jeff's "cool" list struck a nerve because I've recently been spending a lot of time thinking about branding in the context of both RRE and the companies I'm fortunate enough to work with. Building an enduring and admired company regardless of stage and sector requires not only innovation but also strong values and morals to guide the way.

Tags: [vc](#), [media](#), [advice](#), [cool](#), [nyx](#), [bezos](#), [amazon](#)
Permalink 15 notes

Orwell estate hits back at Amazon's corporate 'doublespeak'

Internet retailer accused of using tactics from Orwell's 1984 in war of words with the publisher Hachette

Alison Flood

theguardian.com, Thursday 14 August 2014 08.05 EDT

[Jump to comments \(158\)](#)



George Orwell: 'If other publishers had any sense they would combine against [Penguin] and suppress them.' Photograph: Vernon Richards Estate

Representatives of George Orwell have described Amazon's selective quoting of the Nineteen Eighty-Four author as "dystopian and shameless" and "as close as one can get to the Ministry of Truth and its doublespeak".

Amazon turned to Orwell for support in its long-running and public clash over ebook terms with the publisher Hachette at the weekend, comparing their battle over ebook pricing ("We want lower ebook prices. Hachette does not") to the fight Penguin had when it introduced cheap paperbacks in the 1930s.

"The famous author George Orwell came out publicly and said about the new paperback format, if 'publishers had any sense, they would combine against them and suppress them'," wrote Amazon in a letter to readers. "Yes, George Orwell was suggesting collusion."

But the full quote from Orwell runs: "The Penguin books are splendid value for sixpence, so splendid that if other publishers had any sense they would combine against them and suppress them." The discrepancy has been pointed out by a host of websites. "It's clear that Orwell is praising the paperback, not arguing for its abolition," wrote TechCrunch. "Only a fool or a businessman would twist that quote so completely. But that's exactly what Amazon did and that's horrible."

Bill Hamilton, a literary agent at AM Heath and the executor of the Orwell estate, has now written to the New York Times to say that "Amazon is using George Orwell's name in vain".

"It quotes Orwell out of context as supporting a campaign to suppress paperbacks, to give specious authority to its campaign against publishers over ebook pricing; and having gotten as much capital as it can out of waving around Orwell's name, Amazon then dismisses what was an ironic comment without engaging with Orwell's own detailed arguments, which eloquently contradict Amazon's," wrote Hamilton in his letter, calling the move "about as close as one can get to the Ministry of Truth and its doublespeak: turning the facts inside out to get a piece of propaganda across".

Hamilton described himself as "both appalled and wryly amused" by the situation, and added: "It doesn't say much for Amazon's regard for truth, or its powers of literary understanding. Or perhaps Amazon just doesn't care about the authors it is selling. If that's the case, why should we listen to a word it says about the value of books?"

Jean Seaton, director of the Orwell prize, an award for political writing set up in honour of the author, was equally outraged. "That Amazon should manipulate Orwell against the interests of writers and their publishers is dystopian and shameless," she said today. "Orwell, before he had any money, gave a lot of it away to poor and young and struggling writers. Amazon has no interest in writers and wants to throttle publishers. It is marching towards becoming a monopoly book and consequently a monopoly ideas provider – in order to maximise its commercial interest. A world in which all thought has to be bought from one place is Orwellian."

This is not the first time the retailer has run afoul of Orwell. In 2009, Kindle users found that copies of works by the author had mysteriously disappeared from their ereaders. Amazon said the remote deletion was down to a rights issue with the publisher. One user said it "sounds ironically like Big Brother is monitoring our Kindle content".

Amazon have declined the Guardian's request for comment.

Is Amazon Prime a scam? Shoppers asking tough questions as prices go higher

BY TRICIA DURYEE on April 10, 2014 at 10:52 am

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James Froelich's daughter asked him to buy her a magazine for the low cost of \$5.21, but when he logged into Amazon to order the item, he saw a much higher price tag of \$11.

The difference between the two prices highlights one of Amazon's biggest challenges today: Explaining its very complex algorithm technology to a father who simply wanted to buy a gift at the lowest price possible.

The super-short explanation is that when logged in, Froelich, who is an Amazon Prime member, would see a Prime-eligible item as the top selection, but as he found out, that is not necessarily the cheapest item available in many cases.

"I too have noticed this many times in the past," he wrote in Amazon's help forums. "It should be illegal: You pay \$80 for 'free' shipping, then you get higher prices on products than those people who don't pay the \$80."

But as Amazon rejiggers its Amazon Prime program, and begins charging \$99 for it this year, customers have begun looking closely at their purchases and asking whether it is worth receiving some of the program's benefits, like free two-day shipping.

As a result, the company's help forum topic, "Amazon Prime Product Prices Higher for Same Non-Prime Item," has become one of the most active boards on its site, registering nearly 250 comments since it started a year ago. It still receives nearly daily posts, with customers sharing a stream of examples of how they were purportedly robbed of lower prices.

The stakes are high for Amazon, as CEO Jeff Bezos made clear this morning in his annual letter to shareholders.

"More than one million customers joined Prime in the third week of December alone, and there are now tens of millions of Prime members worldwide," he wrote. "On a per customer basis, Prime members are ordering more items, across more categories, than ever before. Even internally, it's easy for us to forget that Prime was a new, unproven (some even said foolhardy) concept when we launched it nine years ago: all-you-can-eat, two-day shipping for a flat annual fee. At that time, we had one million eligible Prime products. This year, we passed 20 million eligible products, and we continue to add more."

Amazon spokeswoman Julie Law quickly responded to my questions about pricing, so unlike some sticky issues, this is clearly a subject that the retailer is willing to discuss.

"Prime customers are not charged more for products," she wrote, in an email. "Prime is an express shipping service – not a pricing program. What often happens is that a customer does not realize they are looking at a Prime shipping eligible item that may be sold by several different third party sellers. They appear to be identical items at different prices – but Amazon's more than 2 million third party sellers can set their own pricing on the millions of products they sell in the Amazon Marketplace."



Amazon CEO Jeff Bezos

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Lawsuit questions shipping benefit

The concerns posted by consumers in the forums echo those a lawsuit filed in February, alleging Amazon of encouraging third-party sellers to inflate prices to help cover the cost of shipping — even though customers who pay for Amazon Prime, are supposed to get that benefit for free. Last month, a copycat version of the case was filed, also in Seattle's federal court.

Kim Stephens, a Seattle-based attorney for Tousley, Brain, Stephens that is representing the plaintiff on that case, told ABC News: "The bottom line is the free shipping that Amazon offered to its Prime members wasn't free," he said.

It will be up to the court decide if Amazon is guilty of any wrong-doing, but as part of the case, Amazon may have to pull back the onion on how it recommends products, or else many die-hard fans may end up feeling deceived by the online retailer.

The topic is complicated, which makes it even more difficult for the casual shopper to understand what the tech giant is doing.

Amazon's recommendations are part of Amazon's secret sauce. It takes into account many factors when deciding which product should earn the buy button, including a seller's reputation, price and whether or not it is an item Amazon stocks in its warehouse or if the product ships from the vendor's fulfillment center.

Because of those factors, customers may not always be presented with the cheapest item. Not to mention, prices are always fluctuating, which makes this an even more complex problem. Amazon product pages often note when an item "may be available at a lower price from other sellers that are not eligible for Amazon Prime," and this is an important warning for customers to listen to.

I consistently see that if I select the prime option, the price IS higher than non-prime sellers, and the difference is usually about the cost of shipping. So it's like the shipping is just built into the price. Kinda hard to feel like that's worth \$80 over the course of a year ..."

— Amazon customer in help forum

Price + Shipping	Condition	Seller Information
\$12.68 + FREE Shipping	New	Brand New Part - Ships Fast, 30-Day Money Back Guarantee
\$12.74 + FREE Shipping	New	Larry's Bicycles
\$7.80 + \$4.99 shipping	New	In Stock & Ready to Ship!

To demonstrate how it works, let's take a couple of searches I conducted recently as a Prime member.

For example, when searching for a Hamilton Beach Slow Cooker, I was presented a Prime-eligible product that costs \$49.95 for free two-day shipping. And, when I clicked on more options, I saw six other offers from different merchants. The top result was from a merchant offering Prime, but in close second was East Central Hoosiers, which was charging \$38.01 plus \$11.99 for shipping, for a total of \$50.

In this case, as a Prime customer, I was saving 15 cents.

In another scenario, a vacuum cleaner filter from Dirt Devil was actually cheaper if you didn't use your Prime account. The Prime item cost \$13.49, and Larry's Bicycles was charging \$12.74, plus FREE shipping.

Free shipping: An issue of speed

But before you get your Prime-eligible panties in a wad over these examples, there are two major exceptions to think about:

Amazon Prime purchases arrive at your house in two days, and non-Prime eligible items, even with free shipping, are likely to take five to eight days, so if time is of the essence, then Prime still offers more value. As Amazon says, it's a shipping program, not a pricing program. Plus, if you take advantage of any of the other perks of the Prime program, like free streaming video, or free e-book rentals, then maybe saving 15 cents is fair.

This all goes without saying, but clearly consumers always have the right to choose which seller they want to buy from, even though it takes a few more minutes to do so. But some of these consumers are angry and argue that it is Amazon's responsibility to share the better price, otherwise, they feel they are being swindled. And since Amazon has the reputation for offering the lowest prices, then maybe the item behind the buy button should always be the cheapest?

"We are obsessed with maintaining customer trust that Amazon will have the lowest prices possible. ... Amazon scours prices — both offline and online — in order to make sure we meet or beat the lowest prices out there."

— Amazon spokeswoman

Amazon also provided a statement on pricing: "We are obsessed with maintaining customer trust that Amazon will have the lowest prices possible," said Amazon spokeswoman Law. "Amazon scours prices — both offline and online — in order to make sure we meet or beat the lowest prices out there."

Another customer on the help forum summarized the Prime discussion succinctly: "I don't feel like it's a 'scam' necessarily, but I'm a prime member and I consistently see that if I select the prime option, the price IS higher than non-prime sellers, and the difference is usually about the cost of shipping. So it's like the shipping is just built into the price. Kinda hard to feel like that's worth \$80 over the course of a year..."

Now that the price of Prime is \$99 a year for consumers, many will be thinking long and hard about whether to re-enroll.

But maybe there's a way for Amazon to get across why it operates the way it does, or to provide a running tally on how much consumers are saving. After all, it's a fact: shipping is extremely expensive.

Somewhat amazingly, Amazon will ship you a two-pack of 50 oz. Tide laundry detergent jugs for about \$18. Shipping all six pounds of that myself from Seattle to Florida in two days via the United State Parcel Service would cost \$45 (for just one jug)!!! Realistically, it seems there's no way that Amazon could foot the bill for "free" two-day shipping. If anything, a Prime membership over the year is maybe paying for the difference between regular shipping and two-day shipping.

First and foremost, Amazon is a technology and logistics company that has done an excellent job becoming an "everything store."

What it hasn't done well enough, it seems, is explaining to consumers what's happening behind the scenes and why one particular item at a certain price is the one it is presenting to you first.

If it can accomplish that — and that's a steep order — it can probably win back the hard-earned loyalty of some of these customers.



Tricia Duryee is a GeekWire staff reporter, a longtime technology journalist who covers beats including mobile devices, e-commerce, online payments, and video games. Follow her on Twitter @triciad and email her at tricia@geekwire.com.

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How Amazon.com Got Into Yet Another Fight, This Time With Greenpeace

Oct. 3, 2014 4:15 PM ET | About: [Amazon.com, Inc. \(AMZN\)](#), Includes: [AAPL](#), [GOOG](#)

Disclosure: The author is short AMZN. ([More...](#))

Summary

- It was not my intention to write about Amazon.com so soon after writing two articles in a single day.
- Yet, Amazon.com just embroiled itself into another conflict with a large constituency.
- Contrary to the Amazon.love theory, Amazon.com is looking less and less cool due to all the fights it's picking up.

I didn't expect to write another **Amazon.com** (NASDAQ:AMZN) article so soon. I had just published two updates yesterday: one on the [Fire Phone and Kindle Voyage](#); followed by another due to the [Google cloud computing price reduction](#) news. Understandably, after two Amazon.com articles in a single day, I didn't want to write yet another one for fear of Amazon.com overload.

Still, yet another important piece of news broke out on Amazon.com that I can't ignore or leave uncovered. This piece of news is particularly interesting because lately Amazon.com seems bent on destroying its image. Consider:

- The war with publishers and authors;
- The war with Germany's unions;
- The repeated reporting of worker mistreatment in the U.S. and U.K. distribution centers;
- The usage of an anti-price leader strategy;
- The flop of the Fire Phone;
- Indeed, Amazon.com even picked a fight with Mickey Mouse (Disney).

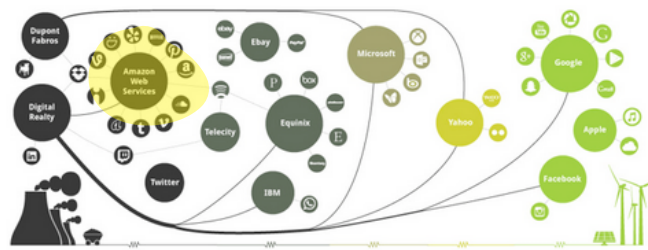
So now what did Amazon.com additionally get into? **Amazon.com got into a fight with Greenpeace!**

Sure enough, given the demographics of its customer base, being seen as an evil environmental wrongdoer must really be in Amazon.com's interest. Let me describe how this all happened.

The Greenpeace fight

Greenpeace has regularly [issued reports](#) on the environmental impact of several large companies' data centers. These included Apple (NASDAQ:AAPL), Google (NASDAQ:GOOG), eBay (NASDAQ:EBAY), Microsoft (NASDAQ:MSFT), Amazon.com and others. In these reports, Greenpeace grades the various companies for energy transparency, commitment to renewable energy, environmental advocacy, energy efficiency and renewable energy use. This is how all of the companies stack up, from dirtiest to greenest:

(click to enlarge)



Bestselling authors write to Amazon's board over 'ugly' Hachette sales dispute

Group representing Donna Tartt, Stephen King and others says Amazon tactics have driven sales down by at least 50%

Dominic Rushe in New York
theguardian.com, Monday 15 September 2014 12.05 EDT

 Jump to comments (64)



Donna Tartt is represented by a group called Authors United, which wrote to Amazon that its 'concern is founded on principle, rather than self-interest'. Photograph: PR/Beowulf Sheehan

Some of the world's most famous authors escalated their heated dispute with Amazon on Monday, publishing a letter to retailer's board warning of the "ugly history" of blocking book sales.

Amazon and publishing giant Hachette have been locked in a six-month dispute over the pricing of e-books that has led Amazon to delay shipment of Hachette authors, refuse pre-orders and institute other tactics aimed at damping the publisher's sales.

Bestselling authors including Malcolm Gladwell, Stephen King, Michael Pollan and Donna Tartt are among the Hachette authors who have protested Amazon's move.

On Monday Authors United, which represents the writers, released a letter it is sending to Amazon's 10 board members that claims the retailer's tactics have driven down Hachette authors' sales by at least 50% and in some cases as much as 90%.

The group points out that Russell Grandinetti, Amazon senior vice-president and the man seen as the driving force in the dispute, has stated that the company was "forced to take this step because Hachette refused to come to the table". Grandinetti has also said that "authors are the only leverage we have".

"As one of the world's largest corporations, Amazon was not 'forced' to do anything. This is an obvious fact. We all have choices. Amazon chose to involve 2,500 Hachette authors and their books. It could end these sanctions tomorrow while continuing to negotiate. Amazon is undermining the ability of authors to support their families, pay their mortgages, and provide for their kids' college educations. We'd like to emphasize that most of us are not Hachette authors, and our concern is founded on principle, rather than self-interest," Authors United writes.

"We find it hard to believe that all members of the Amazon board approve of these actions. We would like to ask you a question: Do you as an Amazon director approve of this policy of sanctioning books?"

"Efforts to impede or block the sale of books have a long and ugly history. Would you, personally, want to be associated with this? We feel strongly that such actions have no place in a common commercial dispute. Amazon has other negotiating tools at its disposal; it does not need to inflict harm on the very authors who helped it become one of the largest retailers in the world," the group writes.

Amazon's board is chaired by company founder Jeff Bezos and also includes Jamie Gorelick, deputy attorney general during the Clinton administration, Thomas Ryder, former chief executive of Reader's Digest and Patricia Stonesifer, the former head of the Gates Foundation.

Authors United's 1,100 members have until Wednesday to sign the letter. Then it will be sent to Amazon's board members.